**DATE:** 03/19/2000
**TIME:** 18:52:38
**AUTHOR:** Gerst, Catherine
**RECEIPIENT:** Clarkson, Brian
**CC:**
**SUBJECT:** TR: my departure

Just so you know.

-----Message d'origine-----
De: Gerst, Catherine
Date: dimanche 19 mars 2000 19:51
À: Perry, Debra (Moody's)
Objet: my departure
Critère de diffusion: Confidentiel

Dear Debra,

as per your suggestion I sent you this morning a series of e-mails illustrating some of the daily difficulties I may have experienced as the manager of the Paris Office. However those were just small examples, and I believe it is important to give you the big picture.

The big picture is as follows. I'm leaving Moody's because I am incomfortable with:
the lack of a strategy I can clearly understand, other than maximize the market share and the gross margin with insufficient ressources;
the lack of definition of the local MDs role: does Moody's want executants of policies decided in London or NY (which is fine, but then the MDs should not be neither responsible neither accountable for any result or replication of those strategies), or MDs participating to the strategy and decision process and having a certain degree of autonomy (and would therefore be legitimately responsable in their markets)? I several times raised this issue because I needed to understand what the company was expecting from me. But I could never get an answer.
the structural lack of ressources in any place of Moody's, that renders the daily life extremely difficult;
the lack of an adequate chain of decisions, that makes any move extremely long and painful, and generally results in losses of any kind (it took 1 year to implement the RoR policy, 9 months to put in place a new product -the custodian rating-, 8 months to obtain an authorization to sign a contract for Cades, resulting in th loss of a big and recurrent amount of monney for Moody's, etc....). I consider Moody's can not afford such delays in an extremely rapidly moving world, where competition goes much quicker.
the lack of transparency in the decision process, particularly from a budget standpoint.
the lack of real integration

**From:** Warrack, Thomas
**Sent:** Saturday, May 07, 2005 8:44 AM
**To:** Deasy, Chris; Osterweil, Terry; Barnes, Susan
**Cc:** Vonderhorst, Brian; Solar, Mona; Stock, Michael
**Subject:** RE: 2005-S2

Chris thanks very much for quick analysis.
Mona as Terry states, this certainly highlights issues with our multiples.
Thanks, Tom

-----Original Message-----
**From:** Deasy, Chris
**Sent:** Friday, May 06, 2005 4:18 PM
**To:** Osterweil, Terry; Warrack, Thomas; Barnes, Susan
**Cc:** Vonderhorst, Brian; Solar, Mona; Stock, Michael
**Subject:** RE: 2005-S2

If there are any objections, please let me know by 10:30 Monday morning or I will approve the structure.

-----Original Message-----
**From:** Osterweil, Terry
**Sent:** Friday, May 06, 2005 3:56 PM
**To:** Deasy, Chris; Warrack, Thomas; Barnes, Susan
**Cc:** Vonderhorst, Brian; Solar, Mona; Stock, Michael
**Subject:** RE: 2005-S2

Considering that the shortfalls that occur when we use 8.25 and the associated multiples are not outrageous and that when we use 8.01 and the same multiples it works, I would recommend approving their structure.

P.S. Using a higher multiple with a lower "B" and getting a worse structure (because the other levels are higher) is ridiculous. And ridiculous is my tempered word. This shows that we are not truly assessing the risks correctly.

-----Original Message-----
**From:** Deasy, Chris
**Sent:** Friday, May 06, 2005 3:14 PM
**To:** Osterweil, Terry; Warrack, Thomas; Barnes, Susan
**Cc:** Vonderhorst, Brian; Solar, Mona
**Subject:** RE: 2005-S2

If I use 8.00 this is what I get (keep in mind that 8.00 moves us to a new column on the multiples sheet and due to the way the multiples sheet works we are actually worse off than we were at 8.25):

| Rating | OC % | Int shortfall | Prn shortfall | Def Crv |
|---|---|---|---|---|





607

| | | | | |
|---|---|---|---|---|
| AAA | -0.14% | 424,437 | 258,546 | PASS |
| AA | -2.37% | 7,077,245 | 4,309,949 | PASS |
| A | -2.36% | 6,999,251 | 4,284,821 | PASS |
| BBB | -1.66% | 5,132,060 | 3,017,173 | PASS |
| BBB- | -1.10% | 3,586,782 | 2,005,871 | PASS |
| BB | 1.08% | - | - | PASS |

If I only go down to 8.01 to keep us in the same column on the multiples sheet, it passes:

| Rating | OC % | Int shortfall | Prn shortfall | Def Crv |
|---|---|---|---|---|
| AAA | 0.15% | - | - | PASS |
| AA | 0.29% | - | - | PASS |
| A | 0.48% | - | - | PASS |
| BBB | 0.37% | - | - | PASS |
| BBB- | 0.41% | - | - | PASS |
| BB | 1.58% | - | - | PASS |

So, a 'B' number somewhere between 8.01 and 8.25 works. Please let me know what you want me to tell Nomura.

-----Original Message-----
**From:** Deasy, Chris
**Sent:** Friday, May 06, 2005 2:58 PM
**To:** Osterweil, Terry; Warrack, Thomas; Barnes, Susan
**Cc:** Vonderhorst, Brian; Solar, Mona
**Subject:** RE: 2005-S2

using 8.25 we get the following shortfalls with their proposed structure:

| Rating | OC % | Int shortfall | Prn shortfall | Def Crv |
|---|---|---|---|---|
| AAA | 0.08% | - | - | PASS |
| AA | -0.04% | 112,683 | 77,761 | PASS |
| A | -0.35% | 985,728 | 643,587 | PASS |
| BBB | -0.30% | 883,464 | 549,812 | PASS |
| BBB- | -0.27% | 845,359 | 487,518 | PASS |
| BB | 1.20% | - | - | PASS |

-----Original Message-----
**From:** Osterweil, Terry
**Sent:** Friday, May 06, 2005 2:16 PM
**To:** Warrack, Thomas; Barnes, Susan
**Cc:** Vonderhorst, Brian; Deasy, Chris; Solar, Mona
**Subject:** RE: 2005-S2

I would approve the structure they are proposing. This structure is basically taking <1.00% from the "BB" class and 1.00% from the "AA" class and putting that in the

"AAA" instead. There will be more excess now with lower class rates. If we want to satisfy our curiosity, why don't we go down 75 bps. on the single "B", use the same multiples to get the other rating levels, and see if the proposed structure works or is at least close.

Does Mike have any initial results from his groups analysis to possibly justify an interim approval on this deal prior to a new second lien methodology being approved.

-----Original Message-----
**From:** Warrack, Thomas
**Sent:** Friday, May 06, 2005 1:52 PM
**To:** Barnes, Susan; Osterweil, Terry
**Cc:** Vonderhorst, Brian; Deasy, Chris; Solar, Mona
**Subject:** FW: 2005-S2

Terry & Susan,

Rob, makes some good points below and clearly would like to have us on the deal but the difference is still significant.
At a minimum since he claims the numbers got 76 bp better in the LEVELS model we could have gone down a bit further.

Do you want this deal to be re-reviewed or are we going to live with not rating it?

Thanks, Tom

-----Original Message-----
**From:** Gartner, Robert [mailto:rgartner@us.nomura.com]
**Sent:** Friday, May 06, 2005 1:21 PM
**To:** Warrack, Thomas
**Subject:** 2005-S2

Good afternoon Tom. We have been trying to work with Chris Deasy to get to a structure which works for us but without much success. Mona called me about a week ago and told me that, while S&P is working on it, the new model will not be ready for this deal. The S2 is a significantly better collateral pool than the S1 and I do not feel we are getting proper credit for it under the current approach.

| | S1 | S2 |
|---|---|---|
| FICO | 681 | 690 |
| CLTV | 96.4 | 95.8 |
| Stated/stated | 11.7% | 5.1% |
| No Doc | 7.4% | 8.2% |
| Investor | 14.3% | 14.9% |
| 3&4 family | 10.7% | 6.8% |
| <620 FICO | 6.1% | 5.4% |
| 621-640 FICO | 13.8% | 8.5% |

Using the existing S&P levels model, the single B loss coverage improved by 0.76% between S1 and S2. By Nomura's model, it improved by 1.10%. The levels we received from Chris improved by just 0.50%. The loss coverages are shown below.

| | S1 | S2 |
|---|---|---|
| AAA | 40.50 | 38.25 |
| AA | 29.25 | 27.75 |
| A | 23.25 | 21.75 |
| BBB | 17.75 | 16.75 |
| BBB- | 16.00 | 15.25 |
| BB | 12.50 | 11.90 |
| B | 9.00 | 8.50 |

Below is another set of data we provided to Chris as well. As I mentioned in our discussions, I have been focusing on reducing layered risk. Not only does the S2 have a lower percentage of risky loans but the layered risk has been significantly lowered in those loans as well. As you can see in the table below, the S2 loans, in every risk category, have higher FICO, lower CLTV and less common risk factors.

| | | FICO | CLTV | >95 | <640 | Stated/stated | No Doc | 3&4 family | Investor |
|---|---|---|---|---|---|---|---|---|---|
| Investor | S1 | 707 | 93.8 | 25.7 | 3.3 | 17.5 | 8.5 | 37.2 | 100.0 |
| | S2 | 715 | 91.0 | 3.0 | 3.2 | 8.0 | 7.0 | 21.1 | 100.0 |
| 2-4 family | S1 | 696 | 95.0 | 41.7 | 8.9 | 18.0 | 8.4 | 55.0 | 36.5 |
| | S2 | 702 | 94.4 | 32.7 | 6.4 | 10.1 | 6.1 | 40.9 | 30.8 |
| Stated/stated | S1 | 687 | 94.6 | 43.7 | 9.4 | 100.0 | 0.0 | 14.3 | 21.5 |
| | S2 | 699 | 93.8 | 36.0 | 3.6 | 100.0 | 0.0 | 8.9 | 23.5 |
| NINA | S1 | 709 | 93.5 | 31.8 | 0.0 | 0.0 | 100.0 | 12.6 | 16.7 |
| | S2 | 719 | 92.5 | 32.2 | 3.2 | 0.0 | 100.0 | 5.3 | 12.6 |

Unfortunately, the structure which has been approved by S&P is significantly worse than the ones approved by Moody's and Fitch. I have provided the approved S&P and Moody's/Fitch structures below.

| | S&P | Moody's/Fitch |
|---|---|---|
| AAA | 70.00 | 79.25 |
| AA | 13.10 | 6.50 |
| A | 6.60 | 5.50 |
| BBB | 4.70 | 5.25 |
| BBB- | 1.30 | 1.25 |
| BB | 4.30 | 2.25 |
| OC target | 2.65 | 2.95 |

The 2.95 target was from Fitch (Moody's approved 2.65). Our analyst here seemed confident Fitch would do 2.65 as well but we haven't asked yet. Fitch did not rate our initial deal but Moody's did. Their levels have clearly improved dramatically from the first deal.

The difference in economics to Nomura is between 3/8 and 1/2 point so it is a significant amount. It is difficult for me to justify to my management why I would include S&P if it means that much to our bottom line. Based on levels we have seen, we asked Chris if S&P could approve the following structure. It would only gain back about 40% of the difference in economics but would allow me to convince my management that we are supposed to keep S&P on the deal. Based on my calculations, this improvement would require less than 0.50 improvement in the base case loss coverage. Chris has told me this structure is not possible.

| | |
|---|---|
| AAA | 72.10 |
| AA | 12.00 |
| A | 6.50 |
| BBB | 4.60 |
| BBB- | 1.30 |
| BB | 3.50 |
| | |
| OC Target | 2.65 |

My desire is to keep S&P on all of my deals. I would rather not drop S&P from the upcoming deal, particularly if it ends up being for only a single deal until the new model is in place. Can you please review the approval process on this deal? If you are comfortable that the approved structure is the best S&P can do at this time, I will live by that decision. Thanks for your time and effort. I look forward to speaking with you soon.

Rob

**DATE:** 04/13/2007
**TIME:** 15:45:45 GMT
**AUTHOR:** Karaguishiyeva, Gulmira
**RECEIPIENT:** Grisard Boucher, Odile; Agarwal, Navneet; Weil, Ariel;
**CC:** Ramallo, Karen; Milano,Christopher
**SUBJECT:** RE: Call for tomorrow and Loan Level 1st Lien Data

New Century has an Alt-A platform but we never seen their ALt-A CES

60/20 is for subprime CES.

My recomendation would be to apply new Joe's approach and hit 15% for NC. We use 15% originator factor for NC.

Gulmira Karaguishiyeva, CFA
Structured Finance
Moody's Investors Service
Harborside Financial Plaza 5, Suite 2400
Jersey City, NJ 07311-3988
Ph: 201-395-6354
Fax: 212-298-6329

-----Original Message-----
**From:** Grisard Boucher, Odile
**Sent:** Friday, April 13, 2007 10:26 AM
**To:** Agarwal, Navneet
**Cc:** Karaguishiyeva, Gulmira; Ramallo, Karen; Milano, Christopher
**Subject:** FW: Call for tomorrow and Loan Level 1st Lien Data

FYI, follow-up on committee last night. We are running the pool per Joe's instructions and also based on the first lien information we received late last night. If New Century collateral is in effect prime, should we drop the levels of 60/20 on that subpool?

We should receive information on EPD later today.

-----Original Message-----
**From:** DellaValle.Patrick [mailto:Patrick.DellaValle@SunTrust.com]
**Sent:** Thursday, April 12, 2007 9:04 PM
**To:** Grisard Boucher, Odile; Ramallo, Karen; Teicher, David
**Cc:** Scalzetti.David; Brian Haklisch
**Subject:** Call for tomorrow and Loan Level 1st Lien Data

Odile and David,

Attached please find loan level 1st lien Information.

SunTrust is disconcerted by the dramatic increase in Moody's loss coverage levels given initial indications and the positive feedback received from you, Karen, and David after the STICS presentation. These levels indicate that this program has not received credit for the collateral selection and due diligence process. Our entire team is extremely concerned, and we would like to set up a call first thing tomorrow morning with you as well as David to discuss the situation. Each of the other agencies reduced their initial levels, and the material divergence between Moody's levels and the other agencies seems unreasonable and unwarranted given our superior collateral and minimal tail risk. Attached also please find the levels from S&P. We would like to discuss the bond sizes for our structure on tomorrow's call along with the following topics:

1. Ratings on other Second Lien Transaction of weaker collateral

2. Wealth of Data provided

3. MBIA attachment of A.

4. Enhanced level of diligence

5. 44% remaining EPD

6. SunTrust making all reps and warrants

7. New Century collateral is from their Home123 channel: Prime

8. Significant less barbelled pool compared to market

Please let me as soon as soon as you can coordinate your colleagues' schedules, as we would like to discuss these issues as early as possible.

Thank You,

Patrick

**Patrick DellaValle**

**SunTrust Capital Markets**

303 Peachtree Street, MC 3950

Atlanta, GA 30309

404.813.0013 [office]

404.813.0000 [fax]

Patrick.DellaValle@suntrust.com <mailto:tPatrick.DellaValle@suntrust.com>

**DATE:** 02/20/2007
**TIME:** 23:22:23 GMT
**AUTHOR:** DiRienz, Mark
**RECEIPIENT:** Robert.B.Miller
**CC:**
**SUBJECT:** Re: Thanks for your help

Hi Bob. Sorry I missed you - I did not want to bother you on your cel during your dinner meeting. I spoke to Osmin earlier and confirmed that Jason is looking into some adjustments to his methodology that should be a benefit to you folks. I would expect that he has spoken to his counterpart on your side by now with his progress. I think he is going to committee it tomorrow morning.

-----Original Message-----
From: Robert.B.Miller@chase.com <Robert.B.Miller@chase.com>
To: DiRienz, Mark
CC: raj.m.kothari@jpmchase.com <raj.m.kothari@jpmchase.com>
Sent: Tue Feb 20 16:58:45 2007
Subject: Thanks for your help

Appreciate your help with the Chase seasoned collateral dilemma. Like i said, normally wouldn't bother you, but the optics here are difficult. There's going to be a three notch difference when we print the deal if it goes out as is. I'm already having agita about the investor calls I'm going to get.

If you get a chance to call back tonite, please call the desk at 212-834-2050 and ask for me or Raj. Just in case, my cell is 845-641-1313 - but I have an event this evening and may have a tough time taking calls.

Bob Miller
Home Equity Trading
212-834-2428

**DATE:** 05/23/2007
**TIME:** 09:40:36
**AUTHOR:** Lasseron, Arnaud
**RECEIPIENT:** Fu, Yvonne
**CC:** Chen, Karie; Kolchinsky, Eric
**SUBJECT:** Re: Lancer II: (partial) feefback from committee

On the 1st point note though that they have 3 other deals under way (incl one closing Friday) that they are cloning on this deal so will be hard to resist on the other ones if we give up on this one. Given that, pls confirm.

-----Original Message-----
From: Fu, Yvonne
To: Lasseron, Arnaud
CC: Chen, Karie; Kolchinsky, Eric
Sent: Wed May 23 09:31:36 2007
Subject: Re: Lancer II: (partial) feefback from committee

Arnaud, both Bill's articles only address IR and currency swaps. I agree that what the committee was asking is reasonable, but given the other modeling related issues and the time line for closing, I propose we let them go with the CDS Cp criteria for this deal.

Karie, on the modeling side, what is the difference between current and covenant levels? If they are passing with 1.5x and current level, the most we should as is for them to move the covenant levels closer to current levels.

I might be able to get out for a few mins if you need me to be on the call. Thanks.

-----Original Message-----
From: Lasseron, Arnaud
CC: Chen, Karie; Kolchinsky, Eric; Fu, Yvonne
Sent: Tue May 22 22:35:24 2007
Subject: Re: Lancer II: (partial) feefback from committee

Eric and Yvonne:

Before you reply to Vab's email below, just to clarify, the committee has asked that the downgrade trigger rating levels in his CDS Schedule comply with Bill Harrington's paper dated 2002 and Vab is opposing to us that he doesn't need to b/c, according to him, such paper was superseded by Bill Harrington's paper dated May 2006. Our understanding and what we have replied to him is that the May 2006 paper applies to hedges such as interest rate, currency or cash flow swaps not to CDS but he doesn't agree. Pls let us know should we be wrong. Thanks.

-----Original Message-----
From: Vaibhav-V.Kumar@ubs.com <Vaibhav-V.Kumar@ubs.com>
To: Lasseron, Arnaud
CC: Chen, Karie; Kolchinsky, Eric; Fu, Yvonne; Lirenn.Tsai@ubs.com <Lirenn.Tsai@ubs.com>; Phillip.Azzollini@srz.com <Phillip.Azzollini@srz.com>; rvillani@tpw.com <rvillani@tpw.com>; Leahy, Jim
Sent: Tue May 22 22:14:48 2007
Subject: RE: Lancer II: (partial) feefback from committee

this makes no sense - we comply with your criteria published in May 2006

bottom of the page it says

As such, it will supplant Moody's current framework, as contained in "Swaps in

European Term Securitisations", May 21, 2002 and "Moody's Approach for Rating

Thresholds of Hedge Counterparties in CDO Transactions", October 23, 2002.

Yvonne / Eric - you need to discuss this ASAP with our external counsel (Rob @ Thatcher), deal counsel (Phil @ SRZ), and Lirenn if Moodys is going to make us comply with criteria from 2002 for this transaction when you have published criteria from 2006 that supplants this.

We are closing a transaction on Thursday and need to print a final OM.

---

From: Lasseron, Arnaud [mailto:Arnaud.Lasseron@moodys.com]
Sent: Tuesday, May 22, 2007 10:07 PM
To: Kumar, Vaibhav-V
Cc: Chen, Karie
Subject: Re: Lancer II: (partial) feefback from committee

It's not ok. The rating levels in the schedule need to comply with the published criteria that we emailed to you. This is a comment from the committee.

-----Original Message-----
From: Vaibhav-V.Kumar@ubs.com <Vaibhav-V.Kumar@ubs.com>
To: Lasseron, Arnaud
CC: Chen, Karie
Sent: Tue May 22 21:44:47 2007
Subject: RE: Lancer II: (partial) feefback from committee

please call me 212-713-4972 re: this issue or tell me if you are ok with the below: We are waiting on these to print our OM tonight

---

From: Kumar, Vaibhav-V
Sent: Tuesday, May 22, 2007 9:43 PM
To: 'Lasseron, Arnaud'
Cc: 'Chen, Karie'
Subject: RE: Lancer II: (partial) feefback from committee

here's Moodys paper from 2006

page 13 is the table

"Second Trigger" - Baa1 or below

The language as is complies with your criteria

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From: Kumar, Vaibhav-V
Sent: Tuesday, May 22, 2007 9:40 PM
To: Lasseron, Arnaud
Cc: Chen, Karie
Subject: RE: Lancer II: (partial) feefback from committee

this is from 2002 - this can't be the latest criteria?

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From: Lasseron, Arnaud [mailto:Arnaud.Lasseron@moodys.com]
Sent: Tuesday, May 22, 2007 9:36 PM
To: Kumar, Vaibhav-V
Cc: Chen, Karie
Subject: RE: Lancer II: (partial) feefback from committee

What question is your answer below trying to reply to? If it is replying to our request that the schedule "is drafted so that actions need to be taken when failing the above ratings" and should be changed to when reaching the ratings, our comment still stands. Please see attached paper summarizing our criteria thereon.

-----Original Message-----
From: Vaibhav-V.Kumar@ubs.com [mailto:Vaibhav-V.Kumar@ubs.com]
Sent: Tuesday, May 22, 2007 6:55 PM
To: Lasseron, Arnaud
Cc: Chen, Karie
Subject: RE: Lancer II: (partial) feefback from committee

updated Schedule attached which should take care of this

CDS, page 21 of the Schedule:
- the second level says P2 or A3, it should be "AND".
- we will send you our published paper, so far it is drafted so that actions need to be taken when failing the above ratings. Whereas it should be when they reach these ratings.

IF UBS DOESN'T HAVE THE REQUIRED RATINGS AND DOES NOT TAKE ONE OF THE REQUIRED ACTIONS, IT IS A DOWNGRADE EVENT, WHICH IS AN ATE.

- as discussed, please make sure to add "and not on watch for downgrade" next to the Aa3 rating in the 1st level.
- as discussed, please make sure to delete "any other action that satisfy the RAC".
- ATE: as discussed with Yvonne last week, pls remove "or such other action as shall satisfy the RAC".

---

From: Lasseron, Arnaud [mailto:Arnaud.Lasseron@moodys.com]
Sent: Tuesday, May 22, 2007 4:36 PM
To: Kumar, Vaibhav-V
Cc: Chen, Karie
Subject: Lancer II: (partial) feefback from committee

Vab:

Please find below partial feedback from the committee:

- Deep Discount securities:
. The committee is fine with the definition you sent over, except that you need to specify that there should be no upfront payments under the unhedged Long CDS for the Matrix to be used, if there were any upfront payments under the unhedged Long CDS, one must look directly to the FMV of the Reference Obligation.

. The committee re-confirmed that the A1-A3 column must be conformed to our criteria (and the deal you copied it from): 3.00%, 3.00% and 2.00%.

- please add language in the Indenture to the effect that whenever there is a public rating from Moody's required, it has to address the full amount of principal and interest promise.

- Securities managed by the CM, your request for 2.5%, FOR THIS DEAL, the committee is fine with this provided that any reinvestment with optional redemption proceeds must comply with the 2% limitation (and of course the 6 months). Please revise the definition to specify accordingly.

- VFN: the eligible investments that are used in the Class A1S Prepayment Account must mature overnight as the need for the VFN cash related to the CDS payments is not tied to the distribution date as in the Indenture. Please revise the VFN, particularly section 2.7(c) and (e) accordingly.

- VFN:
As per our prior comments dated 5/2/07, "reimbursements must go back to the source (i.e., if PP was used then reimbursements must go back to PP and not Interest Proceeds)." The committee confirms that Phil's answer is not addressing their concern which is the Interest Shortfall Reimbursements.

- TRS: we are still discussing and we'll get back to you later on the below:
"-under the Schedule for the TRS, make sure default under TRS does not subordinate payments to the CDO under TRS
-are there downgrade triggers and replacement requirements for MLI (TRS Counterparty)?
-if MLI defaults/CDS terminates, MLI will still be on the hook and this shall not be an Additional Termination Event (ATE)."

CDS, page 21 of the Schedule:
- the second level says P2 or A3, it should be "AND".
- we will send you our published paper, so far it is drafted so that actions need to be taken when failing the above ratings. Whereas it should be when they reach these ratings.

- as discussed, please make sure to add "and not on watch for downgrade" next to the Aa3 rating in the 1st level.
- as discussed, please make sure to delete "any other action that satisfy the RAC".
- ATE: as discussed with Yvonne last week, pls remove "or such other action as shall satisfy the RAC".

Cash Flow Swap documents:
- in what circumstances can the CPTY walk away?
- we're continuing to review the blacklines you sent yesterday.

Indenture:
- use of the Ramp-Up Par Amount for purposes of calculating compliance with the EC: committee is fine with this provided that you specify in the document that this is only for reporting purposes and not when determining compliance when reinvesting proceeds of an Optional Redemption (which should use current par).

We'll get back to you on a couple of other points once the committee has reached a decision.

Note that in addition to the above, we will continue to review the revised drafts of the documents that we haven't yet commented on and therefore may have further comments.

When sending the next draft of the Indenture, could you make it cumulative against the 4/19/07 draft please.

Thanks.

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**From:** Arne, Errol
**Sent:** Thursday, February 23, 2006 9:43 AM
**To:** Kennedy, Martin; Mason, Scott; Osterweil, Terry
**Cc:** ResidentialPools; Mahdavian, Sharif; Uppuluri, Sai; Cao, Becky; Alizadeh, Rasool
**Subject:** Request for prioritization

Gentlemen,

Bear Stearns is currently closing three deals this month which has 40 year mortgages (negam) which will have a 30 year bond maturity. On all 3 deals they have already sent us cashflows last week for us to review (as Spire is not ready for this pertaining to negam). There was some discrepancy in that they were giving some more credit to recoveries than we would like to see. After a conference call with Becky Cao and Jeff Maggard and Jenn Schneider it was agreed that for the deals this month we were OK and they would address this issue for deals going forward.

(the deals are SAMI 2006-AR1-me; SAMI 2006-AR2-Sharif; and GP 2006-AR1-Sai).

Bear, and I know they are very late in the process, have sent over the final collateral tapes for each deal so that we can 'confirm' original levels we gave out. They are waiting for us to get back to them and they will turn over cashflows 'in an hour'. My question to you is can we move this up the priority flag pole as they will need to send over these flows and we need to sign-off by tomorrow.

If the analyst is running the levels and they see that the levels are not going to change, does this need to go to committee or can they take it to a chair, even off committee hours, so that we may let Bear know the levels are confirmed and they can get started on sending over flows for our review. If levels have changed- different story- needs to be taken back to committee but the analyst assigned should contact me (on any of the deals) so that this way I can give Bear a heads up that levels will be changing. Thanks.

Please advise as the timetable is very short. Thanks again.

Errol

Errol Arne
Standard & Poor's
55 Water Street
New York, NY 10041
Phone: (212) 438-2089
Fax: (212) 438-2661
Errol_Arne@standardandpoors.com

**DATE:** 06/28/2007
**TIME:** 17:43:16 GMT
**AUTHOR:** Bharwani, Pooja
**RECEIPIENT:** Li, Frank; Kolchinsky, Eric; Fu, Yvonne
**CC:** Awasthi, Maneesh; Hersch, Jessica
**SUBJECT:** RE: CV4 - Post Reinvestment

Frank,

This is an issue we feel strongly about and it is a published Moody's criteria.

We are making an exception for this deal only. As we understand the manager will covenant to the Class B Effective Date level - 1%. Going forward this has to be effective date level.

I would urge you to let your colleagues know as well since we will not be in a position to give in on this issue in future deals.

Regards,
Pooja

-----Original Message-----
From: Li, Frank [mailto:frank.li@citi.com]
Sent: Thursday, June 28, 2007 12:27 PM
To: Bharwani, Pooja; Kolchinsky, Eric; Fu, Yvonne
Cc: Awasthi, Maneesh ; Hersch, Jessica
Subject: RE: CV4 - Post Reinvestment

I just spoke to Yvonne. She will check with you and Eric to see if the latest proposal is acceptable to you. That's Effective Date Level - 1%.

Please let us know. Thanks.

-----Original Message-----
From: Bharwani, Pooja [mailto:Pooja.Bharwani@moodys.com]
Sent: Thursday, June 28, 2007 12:21 PM
To: Li, Frank [CMB-GFICC]; Kolchinsky, Eric; Fu, Yvonne; Natcharian, Matthew; Kraez, Kathleen
Cc: Awasthi, Maneesh [CMB-GFICC]; Hersch, Jessica [CMB-GFICC]
Subject: RE: CV4 - Post Reinvestment

Will dial-in in 5 minutes.

Pooja Bharwani
VP-Senior Analyst
Moody's Investors Service | 99 Church Street | New York, NY 10007
Tel: 212 553 7135 | Fax: 212 298 6462
pooja.bharwani@moodys.com

-----Original Message-----
From: Li, Frank [mailto:frank.li@citi.com]
Sent: Thursday, June 28, 2007 12:16 PM
To: Bharwani, Pooja; Kolchinsky, Eric; Fu, Yvonne; Natcharian, Matthew; Kraez, Kathleen

Cc: Awasthi, Maneesh ; Hersch, Jessica
Subject: RE: CV4 - Post Reinvestment

Conference Dial-in Numbers
Toll free: 1-866-548-4717
Toll: 1-719-785-9434
Participant Passcode: 654061

Please call in now. Both Citi and Babson are available now to talk about this.

-----Original Message-----
From: Bharwani, Pooja [mailto:Pooja.Bharwani@moodys.com]
Sent: Thursday, June 28, 2007 12:13 PM
To: Li, Frank [CMB-GFICC]; Kolchinsky, Eric; Fu, Yvonne
Cc: Awasthi, Maneesh [CMB-GFICC]
Subject: RE: CV4 - Post Reinvestment

Can we get a dial-in?

Thanks.

-----Original Message-----
From: Li, Frank [mailto:frank.li@citi.com]
Sent: Thursday, June 28, 2007 11:56 AM
To: Kolchinsky, Eric; Bharwani, Pooja; Fu, Yvonne
Cc: Li, Frank ; Awasthi, Maneesh
Subject: CV4 - Post Reinvestment

Eric, Pooja,

I went back to Babson and effective date level is still totally unacceptable to them as they don't understand the rationale behind the criteria. We have run the model and showed you the results that are passing. Please give a call to Matt at Babson directly to discuss this:

Matt: mnatcharian@babsoncapital.com
Tel: 413-226-1672.

You can call me and I can loop Matt in. As we are printing Offering Circular shortly, your immediate attention is greatly appreciated.

Thank you.

Frank Li, CFA
Global Structured Credit Products
Citigroup Global Capital Markets, Inc.
390 Greenwich Street, 4th Floor
New York, NY 10013
Tel: (212) 723-6173
Fax: (646) 291-5391
frank.li@citigroup.com

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**From:** Meyer, Chris
**Sent:** Sunday, April 23, 2006 6:52 PM
**To:** Williams, Geoffrey; Gerst, David
**Cc:** Egol, Jonathan; Tourre, Fabrice; Yukawa, Shin; Ghetti, Belinda; Guarnuccio, Keith
**Subject:** RE: ABACUS 2006-12 - Writedowns immediately prior to Stated Maturity

Geoff,

This language is actually one of the areas that we felt failed to meet our counterparty criteria. For example, setting aside the amount being posted, the rating trigger is not even remotely correct and it only pertains to CDO Reference Obligations. I understand from my colleagues that they are unaware of this type of language (i.e., taking into account market pricing) being approved. This is especially surprising given that Belinda, a Team Leader regarding criteria as it relates to Synthetic CDOs, probably should have been involved in the approval of languge that would result in a deviation from our core criteria.

Chris

-----Original Message-----
**From:** Williams, Geoffrey [mailto:Geoffrey.Williams@gs.com]
**Sent:** Sun 4/23/2006 6:23 PM
**To:** Meyer, Chris; Gerst, David
**Cc:** Egol, Jonathan; Tourre, Fabrice; Yukawa, Shin; Ghetti, Belinda; Guarnuccio, Keith
**Subject:** RE: ABACUS 2006-12 - Writedowns immediately prior to Stated Maturity

See 10.3(f) of the Indenture of this transaction. This was negotiated with S&P in connection with our last transaction, ABACUS 2006-8.

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**From:** Meyer, Chris [mailto:christopher_meyer@standardandpoors.com]
**Sent:** Sunday, April 23, 2006 6:18 PM
**To:** Williams, Geoffrey; Gerst, David
**Cc:** Egol, Jonathan; Tourre, Fabrice; Yukawa, Shin; Ghetti, Belinda; Guarnuccio, Keith
**Subject:** RE: ABACUS 2006-12 - Writedowns immediately prior to Stated Maturity

Geoff,

I'm unaware of market related information ever being used to determine the amount that should be posted in connection with Writedowns of any kind. Given that Belinda, Keith Guarnuccio and I are highly involved with issues relating to PAYGOs, we'd be most interested in knowing where we've approved this type of language -- since this would be a significant departure from our current criteria. As you point out, it is a conservative position for S&P to take, but it is one we've taken with all Dealers. Since time is of the essence, this may be another issue that we table for 2006-12, but would have to be addressed in future trades.

Regards,
Chris

-----Original Message-----
**From:** Williams, Geoffrey [mailto:Geoffrey.Williams@gs.com]
**Sent:** Sun 4/23/2006 3:25 PM
**To:** Meyer, Chris; Gerst, David
**Cc:** Egol, Jonathan; Tourre, Fabrice; Yukawa, Shin; Ghetti, Belinda
**Subject:** RE: ABACUS 2006-12 - Writedowns immediately prior to Stated Maturity

Chris -- we're happy to build in the appropriate 1 year / 3 year CDO language that you describe in your first point below. However, we are not going to be able to accommodate your second request. We drafted this language in the spirit of the clause that we recently incorporated (and had approved by both you and Moody's) into our cds confirm which governs the amount that must be posted given an implied writedown of a CDO reference obligation. The premise is that market information is very relevant in determining whether or not a reference obligation that has sustained writedowns is expected to write back up and I do not see why this methodology is relevant only in determining the amount that should be posted under the cds.

I would add that this scenario is very different from an optional redemption as you point out below since the optional redemption is at Goldman's option and a stated maturity is not. We therefore cannot settle for the most conservative alternative as I believe you are suggesting.

David -- can you please point Chris to language he is looking for on his third point?

Let us know if you have any questions. Thanks. Geoff.

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**From:** Meyer, Chris [mailto:christopher_meyer@standardandpoors.com]
**Sent:** Saturday, April 22, 2006 6:03 PM
**To:** Gerst, David
**Cc:** Egol, Jonathan; Tourre, Fabrice; Williams, Geoffrey; Yukawa, Shin; Ghetti, Belinda
**Subject:** RE: ABACUS 2006-12 - Writedowns immediately prior to Stated Maturity

David,

I've had an opportunity to review the proposed language this afternoon.

1. Clause (b) -- the one calendar year "cure period" is only applicable to non-CDO Reference Obligations in this case, the RMBS and CMBS Reference Obligations). For CDO Reference Obligations, our criteria is that we'll deem a Reference Obligation, which has experienced a Writedown, to be "defaulted" (a) after one year if the Reference Obligation is undercollateralized by more than 25% and (b) after three years if the Reference Obligation is undercollateralized by 25% or less.

2. Clause (A) -- I'm a little confused. I thought the proposal put forth on Wednesday was that to the extent there was any Writedown which (per our tests) hadn't been deemed permanent, then Goldman would reimburse the full amount of the Writedown. The current formula suggests Goldman may pay an amount less that the full amount of the Writedown. I was expecting to see language similar to the Optional Redemption Reimbursement Amount, which addresses the exact same concern in the context of when Notes are optionally redeemed.

If you can direct me to the specific location in the Schedules of the Basis Swap and Put that contain the identical language to Part 1.3(v) of the CDS Schedule, I would appreciate it.

Chris

-----Original Message-----
**From:** Gerst, David [mailto:David.Gerst@gs.com]
**Sent:** Fri 4/21/2006 9:30 AM
**To:** Meyer, Chris
**Cc:** Egol, Jonathan; Tourre, Fabrice; Williams, Geoffrey; Yukawa, Shin
**Subject:** ABACUS 2006-12 - Writedowns immediately prior to Stated Maturity

Chris,

Below is our proposed language to determine how much Goldman has to pay the Issuer if a writedown occurred shortly before maturity of the Notes.

On the Stated Maturity for any Series of Notes, if (i) any such Series of Notes maturing on such date has an ICE Currency Adjusted Aggregate Outstanding Amount Differential greater than zero and (ii) an ICE Reference Obligation Notional Amount Differential is greater than zero with respect to one or more Reference Obligations (a) that remain in the Reference Portfolio at such time of determination, (b) with respect to which the ICE Reference Obligation Notional Amount Differential was equal to zero on the day that was one calendar year prior to such Stated Maturity, (c) that, at the time of such Stated Maturity, has an Actual Rating above (1) if rated by Moody's, "Ca" (2) if rated by S&P, "CC" or (3) if rated by Fitch, "CC" and (d) with respect to which no Credit Event (other than a Writedown) has occurred at any time on or prior to such Stated Maturity, Goldman will pay to Counterparty an amount, if greater than zero, equal to the lesser of (A) the aggregate of the difference, determined for each such Reference Obligation, of (i) the ICE Reference Obligation Notional Amount Differential of such Reference Obligation and (ii) if greater than zero, the ICE Reference Obligation Notional Amount of such Reference Obligation less the related Current Dollar Price and (B) the ICE Currency Adjusted Aggregate Outstanding Amount Differential of each Series of Notes for which the Stated Maturity is such date.

Also, please note that Section 7.10 of the Indenture (issuing ordinary shares) and the Basis Swap and Put Schedules (regarding Bankruptcy) address your concerns as previously drafted. Let me know if you need me to point you to the appropriate provisions.

Thanks,

David

**From:** O'Brien, John
**Sent:** Wednesday, May 03, 2006 9:01 AM
**To:** Rashid, Malik
**Subject:** RE: Broadwick Funding.

Sure. Call me when you're free.

John

-----Original Message-----
**From:** Rashid, Malik
**Sent:** Tuesday, May 02, 2006 9:32 PM
**To:** O'Brien, John
**Subject:** RE: Broadwick Funding.

John,

Let's re-group on this tomorrow at a time that suits you; I realize that the closing date is coming soon. I apologize for not being able to partake in the call today; issues cropped up in nearly every transaction I'm currently staffed on.

Malik

-----Original Message-----
**From:** Meyer, Chris
**Sent:** Monday, May 01, 2006 9:08 PM
**To:** O'Brien, John
**Cc:** Rashid, Malik
**Subject:** RE: Broadwick Funding.

John,

I'm not sure what they are talking about in terms of the modeling based solution, but I'm not sure how you can model the counterparty risk with respect to Writedown Reimbursement Amounts. In addition, you can tell them that if the are referring to ABACUS 2006-12, which closed lastThursday, that is the last trade that will not be required to post Writedowns (unless they can demonstrate conclusively that our concern is otherwise dealt with in the structure). It was a known flaw not only in that particular ABACUS trade, but in pretty much all ABACUS trades (which between the three of us were all rated by the same person...who neglected to catch other important criteria issues...or ignored them after being told to correct them by Team Leaders and business managers). The ABS desk at Goldman has already been told that the all of the de-linking criteria would need to be addressed in future ABACUS trades, and this includes posting of Writedown Amounts.

In terms of the CSA and opinion language, they do have a point...if we indeed have RAC. Nevertheless, I always copy and past the description of the opinion from the counterparty criteria

article and ask why they can't include the language. It's very generic and doesn't ask them to speak to any details.

It looks like swap termination payments to the swap counterparty are netted senior out of the Synthetic Security Counterparty Account. Is this the case?

I'm not sure if this helps. At this point, I'm not thinking all that clearly.

Regards,
Chris

-----Original Message-----
**From:** O'Brien, John
**Sent:** Mon 5/1/2006 5:55 PM
**To:** Meyer, Chris
**Cc:** Rashid, Malik
**Subject:** FW: Broadwick Funding.

Chris - Would really appreciate any/all guidance on this you can offer. Trying to wrap this up as soon as possible.

Thanks,
John

-----Original Message-----
**From:** Bieber, Matthew G. [mailto:matthew.bieber@gs.com]
**Sent:** Monday, May 01, 2006 5:23 PM
**To:** Rashid, Malik
**Cc:** O'Brien, John; Kim, Jeong-A
**Subject:** RE: Broadwick Funding.

Malik thanks for the feedback -

1. GS has not agreed to this hold back provision in any of our previous transactions (including the ABACUS deal that just closed last week) - and we cannot agree to it in this deal. We'd discussed the modeling based solution with respect to this counterparty risk back on April 13th - and it was ultimately communicated to us the following week there would be no changes in this transaction on this point.

2. I agreed with your long term rating comment (BBB+) as well as the 10 day delivery of the opinion. I thought this was reflected in the document - but I assure you it will be so in the next deal.

3. In terms of timeliness - the CDO holds the collateral and as soon as there is a termination and the appropriate termination payments have been made - the lien that the synthetic security counterparty has on the collateral is released to the trustee. this is outlined in section 12.2 of the indenture. Is there specific language you'd like to see here? if so, I'd be happy to review and try and incorporate, where appropriate.

4. Given that the CSA is will be subject to RAC, S&P will have ability to refview the opinion and to the extent it is not satisfactory, act accordingly. We cannot agree to specifically enumerate the carve outs at this time, due to the fact that there may be changes in case law, market practice, etc. that would have an impact on the opinion between now and the time when any opinion would be required.

**From:** Rashid, Malik [mailto:malik_rashid@standardandpoors.com]
**Sent:** Monday, May 01, 2006 4:53 PM
**To:** Bieber, Matthew G.
**Cc:** O'Brien, John; Kim, Jeong-A
**Subject:** RE: Broadwick Funding.

Matt,

I realize that GS abd the CDO group have differences in opinion over certain provisions, but I understand from conversations on Friday and today that the group reiterates their view. Below are our comments from our review of the revised CDS documents circulated on 4/21. This reflects the latest feedback from the CDO group related to the downgrade/posting provisions for this specific transaction, and you'll find that these are repetitive from our last set of comments on the CDS.

Malik

--------------------------------------------->

1. To de-link GS's counterparty risk with respect to reimbursements, Writedown amounts need to be posted for one year as long as its rating is below AA- or A-1+. This posting for one year should remain and should not be extinguished if the swap terminates early as a result of GS being the defaulting/affected party. Writedowns can be considered permanent after the expiration of one year.

2. On p.5 of the Schedule:

- the second level rating trigger should be A-2 or BBB+, not BBB-.

- It looks like GS is choosing to remain in the swap by posting when its rating falls below the second level rating trigger. The opinion with respect to the collateral should be delivered within 10 days, not 30.

- Re: my earlier comment on the opinion addressing the timeliness issue - because this is a situation where Party A's credit rating is low, there is greater concern over the CDO's ability to avoid loss arising from exposure to Party A credit risk. While the CSA does speak to Party B's rights as Secured Party, we need more comfort that the CDO terminate the CDS (when the need arises) and liquidate the collateral to make itself whole in a timely manner without undue delay.

- Also on the opinion, we are not certain as to what "customary and usual assumptions, carveouts, and exceptions" mean. Our concern is whether such language limits the opinion's scope. We're trying to de-link GS's credit risk so it can choose to remain in the CDS regardless of what its rating is, so we'd like to make sure that the opinion's description today does not limit its scope.

-----Original Message-----
**From:** Bieber, Matthew G. [mailto:matthew.bieber@gs.com]
**Sent:** Monday, May 01, 2006 3:14 PM
**To:** O'Brien, John
**Cc:** Kim, Jeong-A
**Subject:** RE: Broadwick Funding.

ok. the sooner the better. just a reminder - we cannot agree to holding write downs in the deal for a year or any short term rating triggers.

**From:** O'Brien, John [mailto:john_o'brien@standardandpoors.com]
**Sent:** Monday, May 01, 2006 2:58 PM
**To:** Bieber, Matthew G.
**Cc:** Kim, Jeong-A
**Subject:** RE: Broadwick Funding.

Matt - Malik will be sending you comments to the last draft of the swap later today.

Regards,
John O'Brien

-----Original Message-----
**From:** Bieber, Matthew G. [mailto:matthew.bieber@gs.com]
**Sent:** Monday, May 01, 2006 9:48 AM
**To:** O'Brien, John; Kim, Jeong-A
**Cc:** Mangalgiri, Vickram S.; Mishra, Deva R.
**Subject:** Broadwick Funding.

John and Jeong-A

Hope the weekend and vacation was enjoyable. As discussed last week, I'd like to finalize all outstanding points on Broadwick Funding by the end of the day this Wednesday. To that end, would you please let me know when its most convenient for you to discuss any remaining comments you have to the documents over the next day or so? Additionally, it appears we'll be slightly increasing the size of the S Note in the transaction by approx. $1.5mm. Look forward to hearing from you.

Best Regards,
Matt

**DATE:** 05/20/2007
**TIME:** 15:15:39 GMT
**AUTHOR:** Kolchinsky, Eric
**RECEIPIENT:** Fu, Yvonne; Yoshizawa, Yuri
**CC:**
**SUBJECT:** Re: Paper on inter-CDO correlations - update from ABS Steering Committee

Ok, but I'm not sure this will solve the communication problem. In the UBS case, the analysts were informed about the look through by the new deal staffing email and Yuri's email, below (in addition to the numerous discussions in sterring comm).

Unfortunately, our analysts are owerwhelmed and I'm concerned that the communication to the bankers will "2x and one notch" without any of the subtelties which we ascribe to the approach. I still get routinely asked for which tranches do we use the sequential life...

Thank you
Eric

-----Original Message-----
From: Fu, Yvonne
To: Kolchinsky, Eric; Yoshizawa, Yuri
Sent: Wed May 23 08:08:53 2007
Subject: RE: Paper on inter-CDO correlations - update from ABS Steering Committee

I think it should still be mentioned in the internal communication to give analysts better guidance. The current practtice is quite varied as the analysts do not seem to know what to do even in the cases for which you have communicated with the banks,i.e. UBS. I will send a revised one to both of you.

-----Original Message-----
From: Kolchinsky, Eric
Sent: Wednesday, May 23, 2007 7:56 AM
To: Yoshizawa, Yuri; Fu, Yvonne
Subject: Re: Paper on inter-CDO correlations - update from ABS Steering Committee

Yuri/Yvonne

In that case, should we exclude any mention of the one notch rule from the general communication? Instead, we should give comm chairs the discretion to apply the rule as they see fit. In this way, there is less of a chance of it getting back to the bankers as a "general rule". They are more likely to know it as something that only applies, as a concession, on the deal that they are working on.

Thank you very much
Eric

-----Original Message-----
From: Yoshizawa, Yuri
To: Kolchinsky, Eric; Fu, Yvonne
Sent: Tue May 22 23:02:49 2007
Subject: Re: Paper on inter-CDO correlations - update from ABS Steering Committee

We need to find a way of positioning the 1 notch as our way of "grandfathering"

Yuri Yoshizawa
Moody's Investors Service
(212) 553-1939

Sent From My Blackberry

6 1

-----Original Message-----
From: Kolchinsky, Eric
To: Fu, Yvonne; Yoshizawa, Yuri
Sent: Tue May 22 23:00:12 2007
Subject: Re: Paper on inter-CDO correlations - update from ABS Steering Committee

Yvonne

Looks good generally, two comments however.

1. The one notch rule. I understand the impetus, but it may be problematic in the long term. I think that any stress levels that we implement now will be percieved by the market as being close to the final. They have been asking for certainty in their ability to ramp and structure deals.

If we give a one notch leeway with 2x now and end up with 2x in the long term without the extra room -- I think that bankers will be upset. Instead of dealing with the problem now, we will have to deal with it when we implement the final methodology. I think that we would be better off doing 2.5x with one notch now and go to 2x without. That way we can at least give them a trade-off.

2. We should be clear that the 2x should apply to the underlying vs the MAC.

3. Could you add that this should apply to cdo buckets in abs cdos as well?

Thank you very much
Eric

-----Original Message-----
From: Fu, Yvonne
To: Kolchinsky, Eric; Yoshizawa, Yuri
Sent: Tue May 22 22:16:56 2007
Subject: Fw: Paper on inter-CDO correlations - update from ABS Steering Committee

I am planing on sending this to the group. Please let me know if you are ok with it - don't worry about spelling errors as I will do a spell check before sending!